



DETYEINS SHIPYARDS INC.
1670 DRYDOCK AVENUE
BUILDING 236, SUITE 200
NORTH CHARLESTON, SC 29405-2121

GENERAL SHIP REPAIRS

TEL: (843) 308-8000

FAX: (843) 308-8059

August 1, 2018

VIA EMAIL ; lee.gearing@crowley.com
Crowley Government Services CGS
9487 Regency Square Blvd.
Jacksonville, FL 32225

Attn: Lee Gearing, Manager, Contract Compliance

Subj: USNS LUMMUS Bid Proposal DSI #5021

Dear Mr. Gearing

In response to your request for quotation, we hereby propose to complete all defined work in general accordance with the specifications for the prices in the attached pricing schedule.

We agree to complete the basic scope of work in sixty-five (65) calendar days. This proposal is subject to the availability of our drydock, the execution of a mutually agreeable contract and to the terms and conditions attached to our proposal. Payment terms will be as agreed upon.

We trust this proposal meets with your requirements and look forward to being of service in the performance of this work. If you have any questions regarding our price proposal or our terms, conditions and clarifications of our proposal on this project, please contact me directly at any time.

Your project estimator for this proposal is Lance Brooks who can be reached by phone at 843-308-8035, by fax at 843-308-8059 or by email at lbrowne@detyens.com

Sincerely,
DETYEINS SHIPYARDS, INC.

Peter C. Browne, Jr.
Vice President - Estimating

USNS LUMMUS

Clarifications and Exceptions:

1. No allowance has been made for opening and/or cleaning and/or gas free certification of any tanks, cofferdams, voids, etc. unless specifically identified.
2. Any work items stating that all repairs and hot work shall be completed prior to the start of any painting – or words to that effect – are understood to mean known work in the vicinity of the painting as it applies to the work item in which it is contained.
3. With regards to any question asked that the response received suggested that the shipyard should take the opportunity to perform a ship check we respectfully point out that no ship check was offered and nowhere within the documents provided is there a requirement to attend a ship check. Therefore, we reserve the right to adjust our price for those work items once the existing conditions are identified.
4. Any pricing provided for the “overhaul” of hydraulic cylinders includes disassembly, cleaning, inspection, a written report, cylinder rod polishing and reassembly with new seals only.
5. We take exception to cleaning of tanks with hot water for safety and quality assurance reasons and would be happy to discuss this further at your convenience.
6. For all surface preparation and coating work items - Areas inaccessible to or that could be damaged by UHP water blasting would be power tooled to an SP-3. Coatings would be applied via brush, roll or limited spray at shipyards discretion. All spot work to be in minimum one (1) ft² increments and evenly divided as to the degree of difficulty.
7. We are not sure we agree on the scope of work required on several surface preparations and coating items as well as cleaning items and would be happy to discuss this further at your convenience. The items we refer to are 112, 120, 122, 126, 127, 133, 256, 182, 197, 528 as a minimum.
8. Repairs not specifically identified are not included in this bid proposal (i.e. “as required”, “if needed”, etc.) Work items affected by this statement are 109, 119, 124, 158, 160, 165, 194, 312, 506, 513, 523, 528, 555, 574, 599, 802, 803 as a minimum. We would be happy to discuss this further at your convenience.

As a result of #8., above we offer the following budgetary pricing:

Work item 523 – USNS BUTTON - Until such time as the actual scope of this work item can be clearly defined, we have allowed 4,500 shipyard hours of labor, \$50,000 for direct material and \$20,000 for sub-contractor to include lifts and NDT.

Work item 523 – USNS LUMMUS - Until such time as the actual scope of this work item can be clearly defined, we have allowed 15,000 shipyard hours of labor, \$75,000 for direct material and \$25,000 for sub-contractor to include lifts and NDT.

Work Item 555 - Until such time as the actual scope of this work item can be clearly defined, we have allowed 10,000 shipyard hours of labor, \$50,000 for direct material and \$20,000 for sub-contractor to include lifts, rental equipment and NDT.

USNS LUMMUS

9. Where references or information was not provided that is required to accomplish the work, we reserve the right to review our proposal upon receipt of the information. Work items affected by this statement are 505, 506, 542 as a minimum.

10. Work Item 025 - Without an extensive review of the existing conditions of the vessel upon arrival at the shipyard, there are many unknown variables associated with this work item. We would be happy to discuss this further with you at your convenience.

A key challenge in the performance of the inclining experiment is the unknown arrival condition of the ship in terms of how much "non-lightship" weights or cargo it is going to have. The aggregate sum of items to add or deduct from the survey ship must be less than 2% of the lightship weight. If it exceeds this, then we will need to either offload the items from the ship, or weigh the items with a calibrated scale to the satisfaction of the ABS surveyor or obtain documentation of the weight from a manufacturer's document or shipping label.

For these ships, it could amount to hundreds or even thousands of items. It is unknown at this point. In the case of the USNS BUTTON or USNS LUMMUS, since the ship has been in service for so long, we expect to find a long list of items that will need to be on the deduct list, such as spares, old parts, drums and pallets of material, consumables, bar stock, shapes, etc.

Another challenge will be finalizing the survey list while the shipyard is still performing work. There is no easy solution to this. As well the shipyard will need to be finished with all work and have all materials removed prior to the survey being conducted with MSC and ABS.

The labor cost estimate for this work item is based on the ship meeting the total aggregate sum requirement of no more than 2% of estimated lightship (items to be deducted or added, less contents of tanks). ABS stability group services are required and are not included. No tank filling, emptying, cleaning, gas freeing is specifically included. No responsibility for frozen and refrigerated stores is included.

In the case of paragraph 7.15, we have no control over weather conditions and therefore any cancellation or postponement of the stability test shall not cause the shipyard to be responsible for costs arising from the cancellation.

11. Work Item 301 - For purposes of this bid proposal, we have not included any berthing or food or transportation for the crew. If it is determined that these are needed, CGS has documentation of the allowed rates and we would handle the cost as a material issue with an 18% mark-up if we are required to pay the costs.

12. Work Item 538 - The OEM, Aqua-Chem recommends against replacing tubes unless they are in the outer row as good tubes would be required to be cut out to get to inner row tubes, as required by paragraph 7.3.5.1.

Therefore our bid proposal does not include tube renewals.

13. Work Item 910 - The Tate Temco valve listed in the work item has a 16-18 week lead time. We recommend that CGS consider purchasing the valve now.

EXCEPTIONS AND CLARIFICATIONS TO OUR PROPOSAL

1. Unless specifically requested, fleeting of the vessel to achieve 100% cleaning and coating of the hull bottom is not included in our in our proposal.
2. Our completed price quotation sheets, including line item pricing sheets as found within the specification are attached.
3. The labor rate used for bid pricing is \$42.00 per hour.
4. The labor rate that shall be used throughout the repair period is indicated in our pricing for WI 014.
5. The proposed material and subcontractor costs on additional work requirements is indicated in our pricing for WI 014.
6. Proposed manning level and work schedule are attached.
7. Approach chart and wet berth chart are attached. As of this moment, we intend to berth the USNS BUTTON at Pier C.
8. Drydock certification form is attached.
9. We hereby confirm that, as of this moment, we have space at our facility following the completion of the repair period, from 1 November 2018 to 5 January 2019.
10. Unit prices quoted for steel repairs are based on all welded, mild steel construction and 2,000 pounds minimum piece size unless otherwise noted. Access cuts, cleaning, gas free, painting, staging, testing, fire watches and interference are **NOT** included.
11. WI 903: Propeller Inspection and Minor Repairs are priced for a local propeller shop, Oswald Propellers, to perform, instead of Wartsila. Credentials and Certifications are enclosed.
12. See attached.

ACKNOWLEDGEMENT

I have read the foregoing bid letter, including all exceptions and clarifications to Detyens Shipyards' proposal, and Detyens Shipyards Standard Terms and Conditions enclosed with the original bid letter. I acknowledge the contents of both documents and agree to the terms, conditions, exceptions and clarifications set forth in them.

Crowley Government Services

Lee Gearing
Manager, Contract Compliance

Date

Terms and Conditions of our Proposal

1. **General**
The work and materials covered by this quotation are subject to the terms and conditions contained in this document. Any additional or different terms and conditions proposed by the customer will not be binding on Detyens Shipyards, Inc. (the Company) unless specifically agreed to in writing by the Company's authorized representative. Any order for or any statement of intent for work by the Company or any direction to proceed with the work by the customer will constitute agreement with these terms and conditions.
2. **Validity of Quotation**
Our quotation is valid for thirty (30) days. Our proposal is subject to the availability of our drydocks and prior commitments, and a review of the vessel's docking plan and/or loaded condition prior to arrival.
3. **Tugs and Pilots**
The cost of Commercial tugs and pilots for arrival, dry docking and undocking, shifting and departure are not included in our proposal and will be for the owner's account.
4. **Paints and Thinners**
All paints, thinners and Paint Representatives are to be for the owner's account. Our prices for surface preparation and coating applications do not include any allowance for removing, handling, disposal and/or application of tin and lead based paints or any other coatings requiring special handling and/or procedures. Should you require any or all these extraordinary services, we will be pleased to complete this work on a time and material basis or to provide a fixed price quote when all necessary information is available.
5. **Surface Preparation**
Pricing for exterior hull surface preparation is based on ultra high pressure (UHP) water blasting rather than grit blasting. Please consider this when selecting the hull coating system.
6. **Disposal of Hazardous Waste**
Unless such material is specifically identified in the work specifications, our proposal does not include any allowance for removing and/or disposing of asbestos or any hazardous materials, including but not limited to mud or sludge from ballast tanks, chain lockers, slops, wash water etc. which require special handling and/or testing by any regulatory agency. Handling and disposal of hazardous materials will be done on a "Time and Materials" basis. The cost of cleaning, disposal and testing shall be for the owner's account.
7. **Owner/Operator's Responsibility to Identify Hazardous Material**
It is the responsibility of the owner/operator to identify the presence, location, nature and quantity of all hazardous material on any vessel entering the shipyard. Owner / Operator is liable for any and all delays or claims for damage or personal injury, including claims for exposure to hazardous material or resulting occupational disease, made by any party including shipyard employees, owner's employees or any third party, resulting from the failure of the owner / operator to identify hazardous material. This paragraph is an exception to the indemnity provisions contained in paragraph 20 and applies only in the case of owner / operators failure to identify hazardous material.

The preceding paragraph shall survive any termination or expiration of the contract and completion of Shipyard's Work on the Vessel(s).
8. **Disposal of Non-Hazardous Waste**
Removal and disposal of waste oils, oily water, or contaminated (non-hazardous) bilge water will be billed as quoted; based on the total amount of liquids removed from the vessel. Disposal of non-hazardous sludge will be billed at \$1200.00 per cubic meter.
9. **Cleaning and Gas Freeing**
Our proposal does not include any allowance for cleaning or gas freeing which may be necessary to complete items of repair or otherwise, unless specifically identified in the specifications.
10. **Unit Prices for Steel**
Unit prices quoted for steel repairs, if any, are based on all welded, mild steel construction and 2,000 pounds minimum piece size unless otherwise noted. Access cuts, cleaning, gas free, painting, staging, testing, fire watches and interference are *NOT* included.
11. **Regulatory Inspections**
All charges for inspections or certifications by regulatory bodies are for the owner's account.
12. **Labor and Other Rates**
Shipyard rates for additional (growth) work or any work not identified in the specifications are as follows:
Straight time - \$45.00 Overtime - \$55.00

First (7:00am-3:30pm) and second (3:30pm-12:00am) shifts will be available and considered straight time Monday through Friday. Any time between the hours of 12:00am and 7:00am will be considered overtime along with all hours during weekends and holidays. Crane rates are \$125.00 per hour for owner's use. Materials and subcontract costs are billed at cost plus 18%. All prices are based on straight time labor unless noted otherwise.

13. **Payment**
Payment terms are contained in our bid letter. If payment is not made as agreed and collection action is necessary to bring the account current, customer will be responsible for all costs of collection including, but not limited to, attorney's fees and costs.
14. **Employees and Subcontractors of Customer**
The use of subcontractors by the customer must be specifically agreed to by the Company. All subcontractors must furnish proof of suitable and adequate insurance coverage prior to entry onto our premises. All subcontractors must execute a subcontractor agreement with the company prior to entry into the shipyard. The Company will not be liable or responsible for the acts or workmanship of the employees, contractors, subcontractors or agents of the customer.
15. **Delays in Performance**
If performance by the Company is delayed or made impossible by an act of God or any other cause beyond the reasonable control of the Company, the time for performance may be extended as required and the Company may be entitled to a price adjustment for time and expenses resulting from the delay.
16. **Suspension or Cancellation of Work by Customer**
The customer must notify the Company, in writing, as far in advance as reasonably possible of any intention to suspend or cancel work included in this proposal. The notice must include the anticipated duration of any suspension of work and specifically identify any work to be canceled entirely. If the customer suspends or elects to complete less than all the work, the Company is entitled to adjust the remaining prices accordingly. The price adjustment will be based on the Company's ability to reasonably reallocate manpower and any other materials or equipment involved. The Owner will be responsible for any costs incurred prior to suspension or cancellation of the work. Furthermore, should any firm booking be cancelled with less than three weeks advance notice, the Owner will be charged a cancellation fee if the subsequent opening in the dock schedule cannot be filled.
17. **Warranty**
The Company warrants that the services will be performed in a competent manner and will be free from defects in materials and workmanship for a period of sixty (60) days after completion of the work. The Contractor's obligation under this provision is limited to repair or replacement of defective material or workmanship and such repair or replacement is intended and agreed by the Owner and the Contractor to be the Contractor's sole liability for such defects. The express warranty of the Contractor as set forth above is the exclusive warranty of the Contractor and is given in lieu of all other warranties whether expressed, implied or statutory. The Contractor shall not be liable under any circumstance for any incidental, special or consequential damages of any nature whatsoever including but not limited to, any claims related to delay or loss of use of the Vessel, lost revenues, lost profits, crew wages or shares, salvage, fuel cost, pilotage or tug expenses.
18. **Arbitration**
All controversies or disputes arising out of the performance of the work, or related in any way to the vessel or services to be performed that cannot be settled by the parties shall be submitted for binding arbitration in accordance with the Federal Arbitration Act.
19. **Information NOT Confidential**
Any information, suggestion or idea given to the Company by the customer in connection with this proposal or the work is not to be regarded as secret or submitted in confidence unless an authorized representative of the Company agrees in writing to the confidentiality of specific information.
20. **Indemnity**
Customer will indemnify and hold Company harmless for any claims for personal injury or property damage (including reasonable attorney's fees and litigation costs) made by any employee, agent or subcontractor of Customer regardless of any negligence or alleged negligence by Company its agents or subcontractors, excepting only gross negligence or willful misconduct. Company will indemnify and hold Customer harmless for any claims for personal injury or property damage (including reasonable attorney's fees and litigation costs) made by any employee, agent or subcontractor of Company regardless of any negligence or alleged negligence by Customer its agents or subcontractors, excepting only gross negligence or willful misconduct.
- As to claims made by all others, the parties will defend, indemnify and hold harmless each other, their subsidiaries, affiliates and subcontractors, and the shareholders, directors, officers, employees, agents, successors and assigns of each of them, from and against any and all liabilities, claims, demands, lawsuits, settlements, judgments, costs, penalties, damages, losses or expenses (including, without limitation, reasonable attorneys' fees and costs of suit) (collectively "damages") that arise or are alleged to have arisen as a result of the negligence or willful misconduct of either party or its employees, agents or subcontractors, or damages relating to (i) any death or bodily injury, or damages to, or theft or loss of property, or (ii) either party's failure to comply with any applicable federal, state, local or foreign statute, law, regulation, ruling or ordinance relating to the said services.

The preceding paragraphs shall survive any termination or expiration of the contract and completion of Shipyard's Work on the Vessel(s).

Revised October 2015